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# FYI-102

## New Mexico Taxation and Revenue Department

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### FOR YOUR INFORMATION

Tax Information/Policy Office ♦ P.O. Box 630 ♦ Santa Fe, New Mexico 87504-0630

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## INFORMATION FOR NEW BUSINESSES

All businesses operating in New Mexico must register with the New Mexico Taxation and Revenue Department. Other state or local agencies may also require registration for their own purposes.

This general publication describes how to register a business in New Mexico, outlines the services and information the Department offers, provides a checklist of other agencies and resources, and lists business-related taxes and credits that the Department administers. For more detailed information please consult the resources listed in *For Further Assistance*, page 17.

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*This information is as accurate as possible at time of publication. Subsequent legislation, new state regulations, and court cases may affect its accuracy. For the latest information please check the Taxation and Revenue Department's web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).*

## INTRODUCTION

Publication FYI-102 provides general guidance for new businesses in New Mexico. Most forms and publications on a variety of tax programs are available at local tax offices around the state. Their addresses and phone numbers are on page 17. Forms, instructions and other publications are available also on the Department's web page at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

## REGISTRATION WITH THE DEPARTMENT

Persons engaging in business in New Mexico must register with the New Mexico Taxation and Revenue Department. With few exceptions a business must hold a CRS identification number. "Combined Reporting System," ("CRS") is the Department's method for reporting the state's major business taxes: gross receipts tax, all local option gross receipts taxes, compensating tax, and withholding tax. The CRS identification number is your state tax identification number.

CRS also accommodates governmental gross receipts tax, interstate telecommunications gross receipts tax, leased vehicle gross receipts tax, and leased vehicle surcharge.

Brief descriptions of these and other taxes in the *Overview of Business Taxes* begin on page 7. The **CRS-1 Filer's Kit** contains more information about CRS taxes and incorporates the forms and instructions for their filing. Page 3 has specifics on the CRS-1 Filer's Kit.

We discuss the CRS-1 Filer's Kit in greater detail in this publication because CRS taxes account for over half the state's general fund revenues.

Oil and gas persons or businesses that produce oil, natural gas, liquid hydrocarbons, carbon dioxide, helium or other non-hydrocarbon gas and/or is a process of natural gas must obtain a separate oil and gas taxpayer identification number. This "Oil and Gas Reporting Identification," is the number New Mexico issues to taxpayers reporting six oil and gas taxes: natural gas processors tax, oil and gas production equipment ad valorem tax, oil and gas severance tax, oil and gas conservation tax, oil and gas emergency school tax, and oil and gas ad valorem production tax.

The Department's **Oil and Gas Tax Filer's Kit** mailed to oil and gas production tax registrants contains detailed information on oil and gas taxes with the forms and instructions necessary to file and pay the taxes. The forms are online at [www.tax.state.nm.us/ogas/oag\\_home.htm](http://www.tax.state.nm.us/ogas/oag_home.htm).

Employers covered by the New Mexico Workers' Compensation Act must obtain an employer account number (EAN--unemployment insurance identification number) from the New Mexico Department of Workforce Solutions before registering separately with a local district office of the Taxation and Revenue Department for the worker's compensation personnel assessment fee. See page 6 for information about contacting the New Mexico Department of Workforce Solutions. Page 8 has more information on the worker's compensation personnel assessment fee.

## REQUIREMENTS FOR CORPORATIONS

Corporations must register with the Public Regulation Commission (see *Checklist of Other Registration Requirements*, page 4) in addition to obtaining a CRS identification number. With limited exceptions the state requires all corporations to file and pay corporate income tax and corporate franchise tax. These taxes are described in the *Overview of Business Taxes* on page

7 and discussed in more detail in FYI-350; CORPORATE INCOME TAX AND CORPORATE FRANCHISE TAX, available at any local tax office or online.

The CRS-1 Filer's Kit, the Oil and Gas Filer's Kit, and the Corporate Income Tax packets are the Department's major sources of business information and forms. All information in the printed packets is available online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). If you file CRS taxes online, TRD presumes you no longer require a paper CRS-1 Filer's Kit. Please visit our web site for new rates, recent legislation and other changes.

If you are uncertain about your registration requirements, please contact any of our local tax offices shown on page 17.

## HOW TO OBTAIN A CRS IDENTIFICATION NUMBER

There are two ways to obtain a CRS identification number. You may fill out and submit the *Application for Business Tax Identification Number (ACD-31015)* to any local tax office. There is no fee to register or obtain a CRS identification number. If you return your application in person to any district tax office, you will receive your CRS identification number immediately. You may expect your CRS identification within one to two weeks when you return the application by mail. You may also obtain an application at many city, village, and town halls around the state. These offices can assign your CRS identification number immediately when you apply in person.

The second way to obtain a CRS identification number is to apply online. Online registration is available at <https://tap.state.nm.us/>. A CRS identification number will be automatically generated once registration is complete.

A business with an average total tax liability of over \$200 per month for any combination of taxes shown on the CRS-1 Form must report monthly. Businesses with a lower annual average than \$200 monthly in combined taxes may elect to report monthly, quarterly or semiannually.

Once you register with the Department and have a CRS identification number, you must file all CRS-1 Forms in a timely manner ***even if your business has no gross receipts for the filing period, and no tax is due***. If you file late when no tax is due, there is still a \$5 civil penalty. Both penalty and interest apply, however, when you owe tax and file late.

**NOTE:** A buyer of an existing, unincorporated business needs a new CRS identification number and must apply for nontaxable transaction certificates under the new number (if certificates are necessary for the type of business). The Department advises any new owner to obtain a tax clearance before the purchase is complete. See *Successor in Business*, page 14, for details.

## THE CRS-1 FILER'S KIT

The CRS-1 Filer's Kit, mailed twice a year, is the main source of information about reporting and paying gross receipts tax. Six CRS-1 report Forms and one CRS-1 Long Form are bound into the kit with instructions on how and when to file and how to calculate penalty and interest. You receive a CRS-1 Filer's Kit shortly after you register with the Department, or you may request a kit at any local tax office or through the mail at no charge. Photocopy the CRS-1 Forms as often as needed or obtain them online.

Also in the CRS-1 Filer's Kit is information about withholding tax. Although it contains only the percentage method of calculating New Mexico withholding tax, fully detailed "look-up" tables are available upon request or online. To request the withholding tax tables call the forms order line at

(505) 827-2206 or contact any of the local tax offices and request FYI-104, NEW MEXICO WITHHOLDING TAX. The FYI-104 is available on the web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Click on "publications." Changes in withholding tax usually take effect in January or July and are noted in the CRS-1 Filer's Kit. Report your business's state withholding tax on the CRS-1 Form.

Registered businesses that do not e-file routinely receive a new CRS-1 Filer's Kit in the mail each June and December to report taxes for the next six months. The kit reflects current combined state and local gross receipts tax rates. *These rates vary throughout New Mexico and can change each January 1 and July 1.* The July-December CRS-1 Filer's Kit contains an annual "Legislative Summary" of new, tax-related legislation. A section, OVERVIEW OF GROSS RECEIPTS AND COMPENSATING TAXES, is included in kits for new registrants only. The overview describes gross receipts and compensating taxes, exemptions, deductions and credits for each tax, how and when to report and pay the taxes, account notices issued by the Department, and finally, responses to common questions CRS taxpayers ask. The annual legislative summary and the overview are in the July-December CRS-1 Filer's Kit only. Copies of the overview (as FYI-105) are available throughout the year at all local tax offices or on the web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). The combined CRS-1 Filer's Kit also appears online. Because changes are frequent, we advise you to refer to your current CRS-1 Filer's Kit for correct gross receipts tax rates and other information.

The CRS-1 Filer's Kit, packed with data to help manage your business more efficiently, can save you time and money. In addition to the cover page's bulleted list of the latest changes, you'll find these features inside:

- \_Calendar of Due Dates
- \_Department Office Locations
- \_Gross Receipts Tax Rate Schedule
- \_Taxpayer Bill of Rights
- \_CRS-1 Form Instructions
- \_CRS-1 Forms
- \_CRS-1 Long Form
- \_Latest Legislative Session Summary (July-December only)
- \_Overview of Gross Receipts and Compensating Taxes (July-December, for new registrants only)
- \_Withholding Tax General Information and Percentage Method Tables
- \_Publications and Regulations Book Request Form
- \_Business Tax Registration Update Form
- \_Application for Tax Refund
- \_Application for Non-Taxable Transaction Certificates
- \_Non-Taxable Transaction Certificate Report

*and more.*

We mail the CRS-1 Filer's Kit to your address of record. If you do not receive it, you are still required to file and pay taxes in a timely manner. Failure to do so carries an assessment of penalty and interest. If you have changed your mailing address, the kit goes to the old address until you file a *Business Tax Registration Update* form as noted above.

## **CHECKLIST OF OTHER REGISTRATION REQUIREMENTS**

In addition to registering with the New Mexico Taxation and Revenue Department, you may need to consult various regulatory agencies, professional licensing boards, or local authorities. The following is a checklist of other agencies to contact to make sure you meet all requirements:

☐ **Internal Revenue Service**

Consult your phone directory for local offices.

1-800-829-1040 for tax information  
1-800-829-3676 for forms and publications  
1-800-829-4477 for Tele-Tax (recorded information on about 140 subjects)  
1-800-829-4059 for TDD equipment (telecommunications device for the deaf)  
For information on obtaining a federal employer identification number (FEIN or EIN) and on other federal requirements, consult the IRS web site at [www.irs.gov](http://www.irs.gov). The following IRS publications may be of particular interest to new businesses:

- Tax Guide for Small Businesses (Publication 334)
- Self-Employment Tax (Publication 533)
- Circular E, Employer Tax Guide (Publication 15)
- Tax Withholding and Estimated Tax (Publication 505)

☐ **City Treasurer's Office**

Consult your phone directory for local offices.

- For city business licenses

☐ **County Clerk's Office, County Assessor's Office**

Consult your phone directory for local offices.

- For county business licenses (county clerk)
- For business personal property tax (county assessor)

For links to individual counties, New Mexico Association of Counties web site:

[www.nmcounties.org](http://www.nmcounties.org)

☐ **Secretary of State**

325 Don Gaspar, Suite 300  
Santa Fe, NM 87503  
(505) 827-3600

- Serves as statutory agent for service of process against foreign corporations
- Registers certain New Mexico limited partnerships
- Registers trademarks and service marks
- Registers general partnerships, New

Mexico limited partnerships, foreign partnerships and limited liability partnerships

☐ **Workers' Compensation**

**Administration**

2410 Centre Avenue [main office]  
P.O. Box 27198  
Albuquerque, NM 87125  
(505) 841-6000

1-800-255-7965 (in-state)  
[four regional offices statewide]

- Serves as regulatory and enforcement agency for Workers' Compensation Act, with authority over workers' compensation claims

☐ **OSO Grande Technologies**

5921 Jefferson Court NE  
Albuquerque, NM 87109-3470  
(505) 345-6555

Web site: [www.osogrande.net](http://www.osogrande.net)

- Provides online access to state databases, including Motor Vehicle Division, ONGARD, Taxation and Revenue Department regulations, Secretary of State, Economic Development, Public Regulation Commission
- Manages statewide computer network and provides Internet access

☐ **Procurement Assistance Program**

1100 S. St. Francis Drive  
Joseph Montoya Building, Room 2006  
Santa Fe, NM 87503  
(505) 827-0425

- Provides information on public sector contract business to established New Mexico companies

☐ **Regulation and Licensing Department**

2550 Cerrillos Rd.  
Santa Fe, NM 87505  
(505) 827-7003

- Oversees the state's professional and occupational boards and commissions
- Oversees the alcohol, gaming, finance, construction, and securities industries

☐ **Public Regulation Commission**

PERA Building, Room 536  
P.O. Drawer 1269  
Santa Fe, NM 87504-1269  
(505) 827-4500  
1-800-947-4722

- Registers foreign and domestic corporations (profit and nonprofit)
- Licenses insurance companies and agents
- Regulates telecommunications services and rates
- Administers single-state registration for commercial vehicles (insurance filing)

☐ **ONGARD Service Center**

P.O. Box 1148  
Santa Fe, NM 87504-1148  
(505) 827-5816

- Assists oil and gas production taxpayers with electronic filing
- Manages the state's inventory of land, tracks other land leases of interest
- Identifies and monitors oil and gas resources
- Processes tax and state royalty returns and payments

☐ **New Mexico Department of Workforce Solutions**

401 Broadway NE (main office)  
Albuquerque, NM 87103  
(505) 841-8405  
(more than 20 Labor Service Centers statewide)

- Administers unemployment insurance tax
- Provides job training and listings for employers
- Monitors compliance with human rights and wage and labor laws
- Conducts research and analysis

☐ **New Mexico State Land Office**

P.O. Box 1148  
Santa Fe, NM 87504-1148  
(505) 827-5735

☐ **Economic Development Department**

1100 S. St. Francis Drive  
Joseph Montoya Building  
Santa Fe, NM 87503  
(505) 827-0305  
1-800-545-2070

- Provides assistance and information on financing, technology, training and recruitment, trade, and state housing
- Houses the Film Division  
1-800-545-9871

☐ **Tourism Department**

491 Old Santa Fe Trail  
Santa Fe, NM 87502  
(505) 827-7400

☐ **Racing Commission**

300 San Mateo Blvd. NE  
Highland Station  
Albuquerque, NM 87198  
(505) 841-6400

- Administers pari-mutuel tax

☐ **Association of Commerce and Industry of New Mexico**

2201 Buena Vista Dr. SE  
Albuquerque, NM 87106-4265  
(505) 842-0644

- Provides information on state chambers of commerce

☐ **New Mexico Small Business Development Center**

6401 Richards Ave.  
Santa Fe, NM 87505  
(505) 471-8200  
1-800-281-7232 (in-state)

- Provides counseling, training, and workshops through 18 service centers statewide

## OVERVIEW OF BUSINESS TAXES

The following summary of business-related taxes administered by the New Mexico Taxation and Revenue Department ***is not intended as an exhaustive description*** because it does not address exemptions, deductions and certain other issues.

Legislation may change tax rates and requirements at various times throughout the year. Taxpayers should review the applicable tax statutes and check the “Legislative Summary” in the July-December CRS-1 Filer's Kit.

For details about how taxes apply, or their rates and filing requirements, refer to the CRS-1 Filer's Kit, the current Oil and Gas Filer's Kit, or contact a local tax office for more information (see *page 17*).

**GROSS RECEIPTS TAX:** An excise tax on the gross – not net -- receipts of persons who sell property in New Mexico, perform services in New Mexico, lease or license property used in New Mexico, grant a right to use a franchise employed in New Mexico, or sell research and development services performed outside New Mexico when initial use of the product of the services occurs in this state. **Note:** state and local governments selling gas, electricity and cable television services are liable for the gross receipts tax.

**COMPENSATING TAX:** Similar to other states’ “use” taxes and imposed on persons using tangible property in New Mexico on which gross receipts tax, sales or similar tax has not already been paid to New Mexico or any other state. The compensating tax is due also on services rendered in New Mexico which were not initially subject to gross receipts tax, but which should have been subject to the gross receipts tax because of the buyer’s subsequent use of the services.

**WITHHOLDING TAX:** Similar to federal withholding tax. Resident and nonresident employers who control wages of employees working in New Mexico and withhold a portion of their wages for federal income tax purposes also must withhold from employees’ wages and remit the money to New Mexico. Transportation companies with New Mexico-resident employees must withhold for New Mexico even if the resident employees do not actually work here. Withholding tax applies to residents and nonresidents, but employers are not required to withhold from wages of nonresidents who work in New Mexico for 15 or fewer days a year. *Special withholding taxes apply to pass-through entities operating in New Mexico but whose owners are nonresidents, and to those who remit proceeds from oil and gas wells located in New Mexico to out-of-state residents.*

**GOVERNMENTAL GROSS RECEIPTS TAX:** Imposed on certain receipts of New Mexico state and local governments, including admissions to recreational, athletic or entertainment events, and sales of sewer and refuse collection services, water, and tangible personal property, and the renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

**LEASED VEHICLE GROSS RECEIPTS TAX AND SURCHARGE:** Applied to the lease of a passenger automobile when the lease is for a term of six months or less, the vehicle is part of a fleet of five or more leased vehicles, the vehicle is a passenger automobile that accommodates six or fewer adults, and the lessor acquires the vehicle on or after July 1, 1991. The tax and surcharge are imposed in addition to “regular” gross receipts tax. The leased vehicle surcharge does not apply to the lease of a temporary replacement vehicle if the lessee signs a statement that the temporary replacement vehicle is to be used as a replacement for another vehicle that is being repaired, serviced or replaced.



**INTERSTATE TELECOMMUNICATIONS GROSS RECEIPTS TAX:** Placed on receipts from interstate telecommunications services that originate or terminate in New Mexico and are charged to a telephone number or account in New Mexico, regardless of where the bill for the services is ultimately delivered. This tax is in lieu of “regular” gross receipts tax.

**CORPORATE INCOME TAX:** Imposed on the net income of every domestic corporation and on the income of foreign corporations from engaging in business in New Mexico. Insurance companies that pay the New Mexico premium tax are not subject to corporate income tax.

**CORPORATE FRANCHISE TAX:** Applied to every domestic and foreign corporation doing business in the state, and to every corporation -- whether engaged in active business or not -- which has or exercises its corporate franchise in the state. **Note:** A corporation may owe the \$50 franchise tax even if it is exempt from corporate income tax.

**WORKERS' COMPENSATION ASSESSMENT FEE:** Due from every employee and employer who is required or who chooses to be covered by the Workers' Compensation Act. Payment of this fee is in addition to the requirement to obtain a worker's compensation insurance policy, which is private insurance obtained from an insurance company.

**PROPERTY TAX:** Levied on all real and tangible personal property in New Mexico. “Property” includes residential or nonresidential properties, personal property, livestock, and manufactured homes. Only federally taxable business personal property is subject to property tax. “Personal property” means movable items that are not part of the real estate. Examples of tangible personal property held by a business are machinery, tools, furniture, fixtures, equipment, and supplies. Automobiles and inventories are exempt.

**NATURAL GAS PROCESSORS TAX:** Privilege tax on the processing of natural gas. Every operator of a natural gas processing plant is liable for this tax.

**OIL & GAS PRODUCTION EQUIPMENT AD VALOREM TAX:** Levied in lieu of property tax on the assessed value of equipment used at each production unit.

**OIL & GAS SEVERANCE TAX:** Applied to all oil, natural gas or liquid hydrocarbon, individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas produced in the state.

**OIL & GAS CONSERVATION TAX:** Applied to all natural gas or liquid hydrocarbon individually or any combination thereof, uranium, coal, geothermal energy carbon dioxide, helium or a non-hydrocarbon gas produced in the state.

**OIL & GAS EMERGENCY SCHOOL TAX:** Privilege tax applied to the business of producing oil, natural gas or liquid hydrocarbon, individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas in the state.

**OIL & GAS AD VALOREM PRODUCTION TAX:** Applied to all oil, natural gas or liquid hydrocarbon individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas produced in the state.

**CIGARETTE TAX:** Imposed on each cigarette sold, given, or consumed in New Mexico.

**TOBACCO PRODUCTS TAX:** Applied to the value of tobacco products (other than cigarettes) sold, shipped, or given to a person in the state and imposed on the first purchase of the products.



**LIQUOR EXCISE TAX:** Imposed on any wholesaler who sells alcoholic beverages on which this tax has not already been paid. There also is a local liquor excise tax, collected by the Taxation and Revenue Department, on wholesale liquor purchases in McKinley County.

**GASOLINE TAX:** A tax on distributors for the privilege of receiving gasoline in this state.

**SPECIAL FUEL SUPPLIER EXCISE TAX:** Placed on distributors of special fuel (diesel, kerosene) used in vehicles registered to travel on the highway.

**SPECIAL FUEL USERS (IFTA) EXCISE TAX:** Imposed on commercial vehicles based in New Mexico for purposes of the International Fuel Tax Agreement. Fuel users file quarterly reports.

**ALTERNATIVE FUEL TAX:** Imposed on dealers of alternative fuel (LPG, CNG, LNG and A55) placed into fuel tanks for off-road or on-road use. Annual permits are available for vehicles powered by alternative fuel.

**PETROLEUM PRODUCTS LOADING FEE:** Owed by distributors of petroleum products, whether gasoline or special fuel.

**WATER CONSERVATION FEE:** Applied to operators of public water supply systems who regularly service an average of at least 25 individuals for 60 days a year or whose systems have 15 or more service connections.

**WEIGHT-DISTANCE TAX:** Placed upon any commercial motor vehicle traveling the state's highways with a declared gross vehicle weight of more than 26,000 pounds.

**TRIP TAX:** Imposed on commercial vehicles owned or operated by out-of-state companies not registered in New Mexico in lieu of weight-distance tax and the vehicle registration requirements of the International Fuel Tax Agreement and International Registration Plan.

**RAILROAD CAR COMPANY TAX (PRIVATE CAR TAX):** Applied rather than property tax to the gross earnings from the use or operation of private railroad cars in New Mexico by organizations that own private railroad cars.

## **OTHER TAXES AND FEES**

**The following taxes are *not* administered by the Taxation and Revenue Department.**

Please refer to the previous section, *Checklist of Other Registration Requirements*, on page 4 for contact information. The responsible agency is named in parentheses.

- Lodger's tax, sometimes known as occupancy tax or room tax (municipality or county)
- Insurance premium taxes and fees (Public Regulation Commission)
- Pari-mutuel tax (Racing Commission)
- Unemployment insurance tax (New Mexico Department of Workforce Solutions)
- Utility franchise tax (municipality)
- Business or professional licenses (Regulation and Licensing Department)
- Corporation registration and reporting (Public Regulation Commission)

## **BUSINESS CREDITS**

The following summary of business-related credits that the New Mexico Taxation and Revenue

Department administers ***is not an exhaustive description***. For more information contact a local tax office (page 17) for publication FYI-106, CLAIMING CREDITS FOR YOUR CRS TAXES AND BUSINESS-RELATED INCOME, or view it online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

**Advanced Energy Tax Credit.** The Advanced Energy Tax Credit amount is six percent of an interest owner's expenditures for the development and construction of a qualified new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility. Qualified facilities must begin construction no later than December 31, 2015.

**Affordable Housing Tax Credit.** The state's Mortgage Finance Authority (not TRD) issues vouchers to persons who qualify as investors in affordable housing projects in counties of fewer than 100,000 persons. The vouchers may be applied to certain tax liabilities administered by the Taxation and Revenue Department.

**Agricultural Water Conservation Expenses Tax Credit.** Corporate and individual income tax credits are allowed for agricultural water conservation expenses. The credit amount is 35 percent of eligible expenses incurred in calendar year 2008, and 50 percent of expenses in subsequent years. The credits are limited to a maximum of \$10,000 per year per taxpayer. These agricultural water conservation tax credit provisions are repealed, effective January 1, 2013.

**Alternative Energy Products Manufacturing Tax Credit.** This credit can be up to 5 percent of a taxpayer's spending on manufacturing equipment used in a manufacturing operation that produces "advanced energy products." If the amount of the credit exceeds a taxpayer's liability, the excess can be carried forward for up to five years. To be eligible to claim a credit, the taxpayer shall employ at least one new full-time employee for every \$500 thousand of expenditures up to \$30 million, and at least one new full-time employee for every \$1 million of expenditures over \$30 million.

**Biodiesel Blending Equipment Tax Credit.** A taxpayer who is a rack operator, as defined in the Special Fuels Supplier Tax Act, can claim a gross receipts tax and/or compensating tax credit equal to 30 percent of the cost of purchasing or installing biodiesel blending equipment. The credit cannot exceed \$50,000 for equipment installed at one facility.

**Biodiesel Fuel Production Tax Credit.** Income tax credit is provided for companies that blend and distribute motor fuels containing biodiesel. For purposes of the credits "biodiesel" means renewable, biodegradable, monoalkyl ester combustible liquid fuel that is derived from agricultural plant oils or animal fats and meets the American society for testing and materials D 6751 standard specification for biodiesel B100 blend stock for distillate fuels. Blended biodiesel fuel eligible for the tax credits is fuel containing at least two percent biodiesel.

**Business Facility Rehabilitation Tax Credit.** A corporation or individual who restores, renovates or rehabilitates a qualified business facility in an enterprise zone may receive credit on income tax owed to New Mexico. A qualified business facility is a building vacant for at least 24 months and intended to be put into use by a person in the manufacturing, distribution or service industries. The credit equals 50% of the project cost with a cap of \$50,000 for each project and a carry-forward provision for four consecutive tax years. An enterprise zone is a distressed area identified as such by a New Mexico county, municipality or Indian reservation, by a combination of any two, or by all three.

**Compensating Tax on Construction Projects Credit.** A person in the construction business who owes gross receipts tax on the sale of a construction project may take a credit against the

gross receipts tax due if compensating taxes have already been paid on the construction project.

**Corporate-Supported Child Care Credit.** A corporation that provides or pays for certain child care services for its employees' children is allowed a credit against its income tax.

**Cultural Property Preservation Credit.** This credit may be claimed on corporate income tax (and personal income tax) for restoring, rehabilitating, or renovating properties listed on the New Mexico Register of Cultural Properties. The cultural properties review committee must approve the project in advance and at completion.

**Double Local Option Tax Credit.** A credit is allowed for taxpayers who paid the double local option penalty in effect prior to July 1, 2007. That penalty was imposed by Section 7-1-71.2 NMSA 1978 for incorrectly reporting food and medical gross receipts tax deductions offered by Sections 7-9-92 and 7-9-93 NMSA 1978. The credit is equal to the amount of the penalty paid. Claims for the credit must be filed prior to July 1, 2010. Credit in excess of the taxpayer's liability can be carried forward for up to three years.

**Electronic Card-Reading Equipment Tax Credit.** Businesses that install electronic card-reading equipment to age verification related to sales of cigarettes, tobacco products and alcohol can claim a one-time credit up to \$300 for the purchase of electronic card-reading equipment. The credit is allowed for each business location where the business installs the equipment.

**Film Production Tax Credit.** New Mexico has a generous credit for persons who produce commercial films, audiovisual projects or television series in New Mexico. After qualification of the project by the New Mexico Film Commission, the taxpayer may apply the credit against income taxes owed to New Mexico. Excess amounts are refunded to the taxpayer.

**High-wage Jobs Tax Credit.** Employers who create high-wage jobs in New Mexico may apply for tax credit against CRS tax liabilities. The credit equals 10% of wages and benefits for new employees in high-wage jobs. The law limits the credits to \$12,000 per eligible employee for up to four years. More than 50% of sales must be to persons outside New Mexico, and the employer must qualify for in-plant training assistance.

**Hospital Credit.** Hospitals licensed by the New Mexico Department of Health may claim a gross receipts tax credit.

**Intergovernmental Business Tax Credit.** A corporation engaged in growing, processing or manufacturing may receive a credit for half the business taxes it owes to a tribal government for income from new or expanded business operations established on tribal land after July 1, 1997. Tribal taxes already covered by other intergovernmental credits are ineligible.

**Investment Credit.** Taxpayers who incorporate qualified equipment into a New Mexico manufacturing operation and meet a sliding-scale job-creation requirement may claim credit against gross receipts tax, compensating tax, or withholding tax. Terms apply until June 30, 2020.

**Job Mentorship Tax Credit.** The state grants a corporate or personal income tax credit to businesses hiring students who participate in a certified school-to-career program administered by the Department of Finance and Administration (505/827-4948).

**Laboratory Partnership Credit.** When a national laboratory offers certain types of eligible

assistance to individual small businesses ("small business" as defined in the federal Small Business Act, P.L. 85-536) in New Mexico and incurs expenses for doing so, it may take a credit against the state portion of gross receipts tax of up to \$10,000 per business or \$20,000 for a business in a rural area. Local option gross receipts tax is excluded. The maximum credit is \$2.4 million in any calendar year.

**Real Property Transfers Tax Credits.** Credits against personal and corporate income tax liability for donations of land to nonprofit institutions and private or public conservation agencies. The credits are for 50 percent of the market value of land or interest in land donated, and may not exceed \$250,000 for one taxpayer.

**Renewable Energy Production Tax Credit.** Corporate income taxpayers and personal income taxpayers receive credit for producing electricity by solar light or heat, wind or biomass at a penny per kilowatt hour up to 400,000 megawatt hours yearly per taxpayer for ten years.

**Research and Development Small Business Tax Credit.** A corporation, general partnership or similar entity that has 25 or fewer employees, revenues of less than \$5 million annually and qualified research expenditures equal to at least 20% of total expenses in the year the credit is claimed may claim a credit for the sum of all gross receipts, compensating and withholding taxes due in a report period. The business can claim the credit for up to three years.

**Rural Jobs Tax Credit.** Eligible employers may earn a credit for each job created after July 1, 2000, and may claim the credit against CRS, personal, or corporate tax liabilities. Contact the state Economic Development Department (800/374-3061 or 505/827-0300) for a certificate of eligibility first.

**Service for Resale Tax Credit.** According to prescribed percentages based on locality, a seller of services for resale may take a credit against gross receipts tax or governmental gross receipts tax when the resale of the service is not subject to either tax. If the taxpayer's business location is within a municipality, the credit equals 10% of receipts from sales of eligible services multiplied by 3.775%. Businesses within unincorporated areas of counties apply for credit for 10% of eligible sales multiplied by 5%. The buyer must resell the service in the ordinary course of business and present documentation to the seller. The credit is not available to those who sell services to government entities or national laboratories.

**Sustainable Building Tax Credit.** Corporate income taxpayers and personal income taxpayers may claim tax credits for investments in constructing or renovating sustainable residential or commercial buildings. The tax credit can be claimed by the owner of the building at the time it is certified as a sustainable building or by a subsequent owner, if no credit has already been claimed.

**Taxes Paid to Another State Credit.** There are two: The first ensures that New Mexico compensating tax is not paid on tangible personal property for which similar tax has already been paid to another state. The second ensures that New Mexico gross receipts tax is not paid on research and development services performed outside New Mexico when the product of the service is initially used in New Mexico and for which a sales or similar tax has already been paid to another state.

**Technology Jobs Tax Credit.** A taxpayer engaged in qualified research and development at a New Mexico facility, except a facility operated for the U.S. government, may claim a basic credit equal to 4% of qualified expenditures. The basic credit doubles if the facility is outside Bernalillo, Doña Ana and Santa Fe counties and the three-mile buffer zone around those counties and the municipality of Rio Rancho. The basic credit is taken on subsequent CRS reports. An additional

credit, equal to 4% of qualified expenditures and tied to increases in payroll, is applied to either corporate or personal income tax. The additional credit doubles if the facility is in a rural area listed above.

**Unpaid Doctor Services.** Licensed medical doctors and licensed osteopathic physicians may claim a credit against gross receipts taxes due for the value of unpaid bills for medical care services performed while on call to a hospital.

**Welfare-to-Work Tax Credit.** There is an income tax credit for qualified employers who hire welfare recipients. Contact the Department of Workforce Solutions (505/841-8501) for certification first.

## **SPECIAL SITUATIONS**

Following are brief discussions of situations that may affect your business. For more information about these subjects, please contact any local tax office (see *For Further Assistance* at the end of this FYI).

### **SPECIAL PAYMENT METHODS**

If your combined tax liability for the taxes listed below averaged \$25,000 or more per month for the previous calendar year regardless of the tax due for the current month, you must pay your tax using one of the Department's special payment methods. The Department must receive your payment on or before the due date. Special methods\* are: electronic transfer; United States currency; a check drawn upon and payable at any New Mexico financial institution if the Department receives the check at least one banking day before the due date, or a check drawn on and payable at any domestic non-New Mexico financial institution if the Department receives the check at least two banking days before the due date. The taxes are:

#### **Group 1**

Gross Receipts Tax	Leased Vehicle Gross Receipts Tax/Leased Vehicle Surcharge
Compensating Tax	Interstate Telecommunications Gross Receipts Tax
Withholding Tax	Governmental Gross Receipts Tax

#### **Group 2** Natural Gas Processors Tax

#### **Group 3** Other Oil and Gas Taxes

If you are a "special payment" taxpayer, request publication FYI-401, SPECIAL PAYMENT METHODS at any local tax office. When your tax liability averages less than \$25,000 per month currently and in the previous calendar year, you may choose to use special payment methods, but you are not required to do so.

\*Although payment over the Internet is not one of the "special payment" methods, you also may use it for filing and paying your \$25,000-or-more CRS-1 taxes via VISA, MasterCard, American Express or electronic check. Deadlines for reporting by special payment methods and the Department's receipt of your payment are the same. Please note that payments via credit card carry a convenience fee to reimburse the state for fees charged by banks and credit card companies when you use your card. There is no fee for any other type of payment.

## ELECTRONIC FILING

Oil and gas production taxpayers can file electronically, and the benefits are many. The elimination of postage and paper-handling costs can dramatically reduce the tax-filing burden of filers. Filers receive immediate electronic acknowledgment from the Department that their returns have been received. Most oil and gas production taxpayers are required to file in a specific format. Please see the Oil and Gas Tax Filers Kit or visit the Oil and Gas website. (Annual withholding tax reconciliations may be filed on magnetic tape.)

## ACCOUNT NOTICES

At some point during your relationship with the Taxation and Revenue Department you may receive tax-related account notices. Among these are assessments, provisional assessments, bills, non-filer notices, and notifications of overpayment or credit. There is more information about different kinds of account notices in FYI-105, GROSS RECEIPTS AND COMPENSATING TAXES: AN OVERVIEW and the current Oil and Gas Tax Filer's Kit.

You may receive multiple account notices or continue to receive account notices even after you have provided the payment or information requested. Many notices are generated by computer and sent automatically, so your payment (or other information requested) and the Department's notice may cross in the mail. Sometimes payment arrives too late to enter it into the system and prevent the next round of computer-generated letters.

The Department works continually to improve computer systems. We appreciate your patience.

***Do not ignore any account notice.*** Call the phone number on the notice or your local tax office with your questions about the meaning of the notice.

If you disagree with the information in the notice, a series of informal and formal steps may resolve your differences with the Department. *Act promptly because there are time limits.* You may wish to request FYI-400, TAX AUDITS AND PROTEST PROCEDURES, YOUR RIGHTS AS A TAXPAYER, available at any local tax office or the Department's web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Click on "publications."

## SUCCESSOR IN BUSINESS

For its own protection the purchaser of another business should complete and submit a *Tax Clearance Request* (ACD-31096) to the Department. *Without prior tax clearance the purchaser automatically buys and assumes responsibility for the seller's unpaid tax obligations.* The Department has 30 days after submission of the request to issue the clearance, notify the purchaser of any tax liability, or begin an audit to determine the tax due. When the Department begins an audit, it has 60 days to issue a clearance or determine the tax due. The buyer is released from any tax obligation as a successor in business should the Department fail to meet the deadlines.

The buyer should withhold enough of the purchase price to cover a tax liability that may be discovered before the purchase of the business is final. **Caution:** if the purchase of the business is already complete and a tax liability is revealed, the purchaser is liable for the tax. Tax clearances are not issued if requested after the sale. For more information on successor in business contact the Support Office at (505) 827-0926.

## **DEPARTMENT RESOURCES**

The New Mexico Taxation and Revenue Department offers a variety of resources to use in conducting your business.

### **LOCAL TAX OFFICES**

There are full-service tax offices throughout the state where employees answer your questions and provide tax forms and additional information. You may take advantage of any local tax office regardless of which office you normally use or where you mail your tax returns. Please see the listing on page 17.

### **FREE CRS-1 TAXPAYER WORKSHOPS**

Local tax offices present free CRS-1 workshops throughout the year. Department specialists discuss and answer your questions about gross receipts tax, compensating tax, withholding tax, exemptions and deductions, how to file and pay CRS taxes, and more. Contact any local tax office for information about these free, three-hour presentations, or view the workshop calendar online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Click on “public events.”



## TAXPAYER INFORMATION

The Department offers a variety of taxpayer information. Some information is free and other information must be purchased.

**General Information.** FYIs and Bulletins present general information with a minimum of technical language. All FYIs and Bulletins are free and available through all local tax offices, the Tax Information and Policy Office, and on the Internet. The Taxation and Revenue Department's Internet address is:

**<http://www.tax.state.nm.us/>**

**Regulations.** The Department establishes regulations to interpret and exemplify the various tax acts it administers. The Taxation and Revenue Department regulation book is available from the New Mexico Compilation Commission on a prepaid basis. The Compilation Commission also has a compact disk of all statutes and regulations. The order form is available at all local tax offices, through the Tax Information and Policy Office and on the Department's web page at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Specific regulations are also available at the State Records Center or on its web page at [www.nmcpr.state.nm.us/nmac](http://www.nmcpr.state.nm.us/nmac).

Regulation books may be ordered directly from:

**New Mexico Compilation Commission**  
**P.O. Box 15549**  
**Santa Fe, NM 87506-5549**  
**Telephone: 505/827-4821**  
**Fax: 505/827-4869**

**Rulings.** Rulings signed by the Department Secretary and approved by the Attorney General are written statements that apply to one or a small number of taxpayers. A taxpayer may request a ruling (at no charge) to clarify its tax liability or responsibility under specific circumstances. The request for a ruling must be in writing, include accurate taxpayer identification and the details about the taxpayer's situation, and be addressed to the Secretary of the Taxation and Revenue Department. The taxpayer's representative, such as an accountant or attorney, may request a ruling on behalf of the taxpayer but must disclose the name of the taxpayer. While the Department is not required to issue a ruling when requested to do so, every request is carefully considered.

The Department will not issue a ruling to a taxpayer who is undergoing an audit, who has an outstanding assessment, or who is involved in a protest or litigation with the Department over the subject matter of the request. All rulings issued by the Department have a 10-year life span. Prior to the expiration date, however, the Secretary may modify or withdraw any previously issued ruling and is required to withdraw or modify any ruling when subsequent legislation, regulations, final court decisions or other rulings invalidate a ruling or portions of a ruling. Taxation and Revenue Department rulings are compiled and available on the Department's web page free of charge at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Click on "publications."

**Public Decisions & Orders.** All public decisions and orders issued by the hearing officers since July 1994 are compiled and available on the Department's web page free of charge at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Click on "publications."

## FOR FURTHER ASSISTANCE

Local tax offices can provide full service and information about the Department's taxes, programs, and forms as well as specific information about your filing situation.

**ALBUQUERQUE 505/ 841-6200**

Taxation and Revenue Department  
First Security Bank Bldg.  
5301 Central NE  
P.O. Box 8485  
Albuquerque, NM 87198-8485

**SANTA FE 505/ 827-0951**

Taxation and Revenue Department  
Manuel Lujan Sr. Bldg.  
1200 S. St. Francis Dr.  
P.O. Box 5374  
Santa Fe, NM 87502-5374

**FARMINGTON 505/ 325-5049**

Taxation and Revenue Department  
3501 E. Main St.  
P.O. Box 479  
Farmington, NM 87499-0479

**LAS CRUCES 575/ 524-6225**

Taxation and Revenue Department  
2540 El Paseo Building 2  
P.O. Box 607  
Las Cruces, NM 88004-0607

**ALAMOGORDO 575/ 437-2322**

**SILVER CITY 575/ 388-4403**  
(above calls transfer to Las Cruces)

**ROSWELL 575/ 624-6065**

Taxation and Revenue Department  
400 N. Pennsylvania Ave., Suite 200  
P.O. Box 1557  
Roswell, NM 88202-1557

**CARLSBAD 575/ 885-5616**

**CLOVIS 575/ 763-5515**

**HOBBS 575/ 393-0163**

(above calls transfer to Las Cruces)

Main switchboard (Santa Fe): 505/ 827-0700

*This publication provides general information. It does not constitute a regulation, ruling, or decision issued by the Secretary of the New Mexico Taxation and Revenue Department. The Department is legally bound only by a regulation or a ruling [7-1-60, New Mexico Statutes Annotated, 1978]. In the event of a conflict between FYI and statute, regulation, case law or policy, the information in FYIs is overridden by statutes, regulations and case law. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this FYI.*